

Board of Community Health
Meeting
August 25, 2016

Members Present

Norman Boyd
Roger Folsom
Donna Thomas Moses
Russ Childers
Allana Cummings
Mark Trail
Russell Crutchfield
Michael Kleinpeter

Members Absent

Anthony Williamson

The Board of Community Health held its regularly scheduled meeting at the Department of Community Health (DCH), Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner Clyde L. Reese, III was also present. (An agenda and a List of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Norman Boyd presided and called the meeting to order at 10:31 a.m.

Minutes

None to approve.

Opening Comments

None to report.

Committee Reports

None to report.

Commissioner's Report

Commissioner Reese thanked the Board, members of the public and staff for their attendance.

Commissioner Reese updated the Board on the following item:

1. SB 258 Rural Hospital Tax Credit:

- The information has been posted to the DCH website which includes the list of eligible hospitals, 990 Proxy forms and the requirements for the five-year sustainability and viability plan.



Elizabeth Brady, Chief Financial Officer, presented to the Board the proposed FY 2017 Amended and FY 2018 budgets. Ms. Brady began by summarizing the just concluded 2016 fiscal year. She noted that during FY 2016, DCH served one in four Georgians and 52% of Georgia's children through its various programs. She further noted that the Department expended over \$2.9 billion in state funds over the course of the fiscal year of which 97% were expended in the Medicaid and PeachCare programs. She concluded her comments on FY 2016 by indicating that the Department has a projected budget surplus of \$149.6 million.

Ms. Brady made a few comments regarding the FY 2017 budget and informed the Board that the Department has a budget of \$3.1 billion in state funds for the year, with 97% of those funds budgeted in the Medicaid program. PeachCare is now reimbursed with 100% federal funds. As part of the FY 2017 budget, \$30.5 million in state funds was removed from the budget to reflect the 100% federal funding.

Regarding the FY 2017 state funds appropriations, she noted that \$52.7 million in state funds was transferred from the Department of Human Services to DCH for the Community Care Services Program (CCSP); \$26.2 million was added for rate increases for certain primary care procedure codes for both primary care and obstetrician-gynecologist practitioners; \$11.3 million was added to provide a 3% inflationary

adjustment on 2012 nursing home cost reports; and, \$6.8 million was added for rate increases affecting the Independent Care Waiver program, Adult Day Health Centers, and, therapies provided in the Children's Intervention Services (CIS) Program.

Ms. Brady also noted that the Hospital Medicaid Financing Program will sunset on June 30, 2017. Turning next to the proposed FY 2017 Amended and FY 2018 budgets, Ms. Brady reviewed the cost drivers influencing the budget requests. The primary cost driver is benefit growth via a projected 2% increase in enrollment. She reviewed with the Board each individual request item for FY2017 Amended budget and responded to questions. Board member Mr. Folsom specifically asked how Georgia's enrollment trend compares to other states. Ms. Brady stated that DCH would follow up with a response to his question. The response is nationally, Medicaid enrollment continues to increase. The Office of the Actuary, within the Centers for Medicare and Medicaid Services (CMS), projects that enrollment will increase 1.2% year-over-year from federal fiscal year 2017 to 2024. Georgia's Medicaid enrollment is expected to increase by 2% year-over-year in the next two state fiscal years. Georgia may experience higher than average enrollment growth relative to the national average due to population growth within the state, as well policy impacts such as the opening of the Georgia Gateway integrated eligibility system.

The 2017 amended request items include a projected growth need of \$82.8 million; \$3.7 million due to an increase in the Medicare Part D clawback payments, \$13.7 million for an increase in Medicare Part B premiums; \$14.7 million for private hospitals participating in the Disproportionate Share Hospital (DSH) program, and a \$1.4 million transfer from the Administration Program to the Aged, Blind, and Disabled (ABD) Medicaid Program to help reduce the CCSP waiting list. These items result in a total Amended FY 2017 budget request of \$114,993,712.

Next, Ms. Brady addressed the Department's budgetary needs for FY 2018. She informed the Board that a number of the items contained in the FY 2018 request were continued over from FY 2017. The FY 2018 budget request includes \$121.4 million in projected benefit growth need in Medicaid; \$8.6 million to reflect the increased state match due to a decline in the Federal Medical Assistance Percentage (FMAP); \$11.3 million for annualized Part D clawback payment increases; \$1.7 million to comply with federal hepatitis C treatment access requirements in Georgia Families; \$29.8 million to implement a Value-Based Purchasing Strategy in Georgia Families; \$5.0 million for an increase in Medicare Part B premiums; \$4.0 million to support increased waiver rates and slots previously funded by the Balancing Incentive Payment Program (BIPP); and, a \$1.4 million transfer from the Administration Program to the Aged, Blind and Disabled Medicaid Program to help reduce the CCSP waiting list. \$1.0 million was requested for Georgia Board for the Physician Workforce, a DCH attached agency. This request is to

fund an additional 83 new graduate medical education (GME) residency slots. The total state funds budget request for FY 2018 is \$182,735,984.

Board member Mr. Crutchfield requested to know the current number of GME residency slots. Georgia currently has 2,514 GME slots.

Ms. Brady concluded the budget presentation with a financial status update of the State Health Benefit Plan. The Department has projected revenue and expense through FY2019 with the Plan Year 2017 benefit design and employee and retiree premium contributions, and the FY 2017 employer contribution rates approved by the Board on August 11, 2016. The Department is projecting an operational surplus of \$121.7 million in FY2018, which grows to a projected operational deficit of \$132.9 million in FY2019. The projected deficits are based on the "status quo" revenue and expense assumptions that are built in to the projection. Any changes to plan design, growth assumptions, premium rates, and employer contribution rates would result in a recast of the plan's projected financial status.

Mark Trail MADE a MOTION to approve the AFY17 and FY18 Budget presentation. Allana Cummings SECONDED the MOTION. ON THE MOTION, the yeas were 8, nays 0, abstained 0, and the MOTION was APPROVED. (A copy of the AFY17 and FY18 Budget presentation is attached hereto and made an official part of these minutes as Attachment #3).

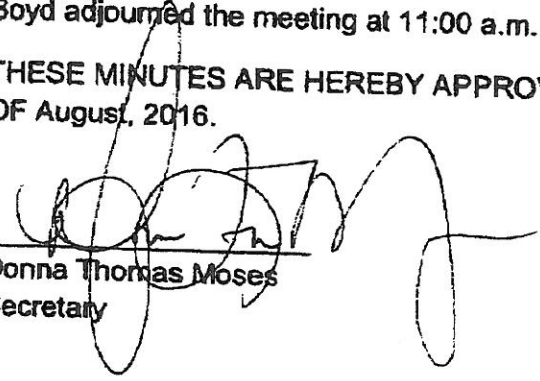
New Business/Closing Comments

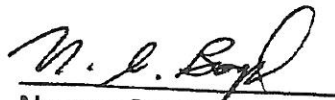
Chairman Boyd announced that the September 8, 2016 Board meeting will be a teleconference meeting. He also noted that the October 13, 2016 Board meeting will be in-person and Committee meetings will be held.

Adjournment

There being no further business to be brought before the Board, Chairman Norman Boyd adjourned the meeting at 11:00 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE 25th DAY OF August, 2016.


Donna Thomas Moses
Secretary


Norman Boyd
Chairman

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 AFY17 and FY 18 Budget Presentation